



**Office of the City Auditor**

**Compliance with Statutory Requirements  
on Marking City Vehicles  
Report No. 0161D**

**October 18, 2002**

Arizona Revised Statutes require that vehicles owned by the City, or leased for more than six months, be marked with the designation of the name of the City, the phrase "for official use only" and the name of the department to which the vehicle is assigned. In addition, unless certain conditions are met, City vehicles must display distinguishable license plates. Deployment of a vehicle without these markings requires a City Council approved exemption, which cannot exceed a one-year period. During our audit, we found that the City is not in compliance with these requirements. Vehicles do not display all the required information, and there is no assurance that leased vehicles will be marked at all. Moreover, there is no process to formally grant exemptions to the required markings. Current practice is for the Chief of Police to make all decisions on the deployment of unmarked vehicles. Finally, there is no assurance that the use of non-distinguishable license plates will be limited to situations that warrant use of a vehicle that cannot be differentiated from a privately owned vehicle.

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October 18, 2002

To the Most Honorable Mary Manross, Mayor  
and Members of the Scottsdale City Council

This report serves to transmit issues identified during the completion of an audit on the controls over the acquisition and use of light duty passenger vehicles and trucks. The scope is limited to addressing compliance with Arizona Revised Statutes (ARS) that require all vehicles owned or leased by the City for more than six months to be marked through the application of a uniform pattern that has been approved by the City Council. The City is not currently in compliance with these requirements; there is no record of an approved pattern, and the current practice does not meet state requirements.

Moreover, statutory provisions state that any exception to the required marking shall be granted by the City Council, and ARS 28-2511 limits the issuance of regular plates to vehicles that have received this exemption. Instead of making application to the Council for approval prior to deploying an unmarked vehicle, these decisions have been made administratively with the Police Department processing requests for regular plates. There has been no oversight and no assurance that unmarked vehicles will be deployed in a service delivery that requires maintaining confidential status.

The overriding issue in this report is the question of delegation and whether or not the current Council wishes to continue an administrative process or direct the City Manager to implement a process as outlined in 38-538.03 (b).

If you need additional information or have any questions, please contact me at 480-312-7756.

Respectfully submitted,

A handwritten signature in black ink that reads "Cheryl Luc Barcala".

Cheryl Barcala, CPA, CIA, CFE, CGFM, CISA, CISSP  
City Auditor

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## **EXECUTIVE SUMMARY**

In September 2001, the City Auditor's Office initiated an audit of the controls over the acquisition and use of light duty passenger vehicles and trucks. One of the objectives of the audit was to evaluate compliance with federal and state statutes.

To satisfy this objective, we researched Arizona Revised Statutes (ARS) to identify provisions specifically addressing the operation of vehicles owned or leased by political subdivisions. Through this process, we identified two statutory provisions, ARS 38-538 *et seq.* and 28-2511 both of which require the City to take certain actions. This report is limited to issues related to compliance with these provisions.

Ramon Ramirez, Auditor-In-Charge, Stella Fusaro, and Eric Spivak completed the project. Audit work was conducted in accordance with generally accepted government auditing standards as they relate to expanded scope auditing as required by Article III, Scottsdale Revised Code §2-117 *et seq.*

### **Results in Brief**

We found that the City is not in compliance with Arizona statutory requirements. Specifically:

- There is no City Council (Council) approved uniform marking pattern for use in designating vehicles owned or leased by the City for more than six months.
- The marking pattern currently in use does not incorporate all required information.
- Unmarked vehicles are deployed in situations where there is no need to maintain confidential or undercover status. Moreover, there is no independent review of the justification and no annual review to determine if the need still warrants the unmarked status.
- Leased vehicles are not consistently marked and, when marked, do not display the same information placed on owned vehicles.
- Vehicles, not used in confidential or undercover service delivery, display non-distinguishable license plates.

We also found that decals used to mark city-owned or leased vehicles are not controlled in a manner sufficient to ensure that the decal is not placed on a privately owned vehicle.

We believe several factors contributed to the current status. First, responsibility for compliance has not been set. There is no Administrative Regulation<sup>1</sup> (AR) to outline the process for marking, the requirement for vehicles to be marked, or place the responsibility for ensuring compliance with Fleet Management.

Second, Fleet Management does not consider leased vehicles to be part of the City fleet. Historically, the authority to lease a vehicle has rested at the departmental level. Fleet Management does not evaluate the need, the type acquired, or the length kept in service. Because the vehicles are not considered part of the fleet, they are not tracked in the same fashion as city-owned vehicles and, therefore, are not received into the fleet system to initiate the action to mark the vehicle.

Third, the Police Chief believes that, regardless of statutory provisions, the authority to determine whether or not to deploy a vehicle unmarked rests with him. He stated that this authority was delegated by a previous City Manager.

We found nothing in writing to substantiate or set a time reference as to when this delegation occurred. We did find, however, a Council resolution that delegated the responsibility to the City Manager. This document, dated more than thirteen years ago, granted the City Manager the authority to:

*...determine the necessity of the exemption of motor vehicles used by the police department in felony investigations or confidential activities from the requirement of official designation.*

The resolution required the Police Chief to provide all information necessary for the City Manager to determine whether or not the justification warranted exemption. Because of the lack of documentation, we could not determine if, at any time, the process outlined in the resolution was adhered to.

However, we did determine that the current practice does not include any independent review of the justification to determine if the service delivery actually warrants the unmarked status. At the time of our audit, the Police Department has more than 100 vehicles (approximately 38 percent of the fleet) deployed without any external marking that would identify the vehicle as owned or leased by the City. Assignments range from administrative staff to staff in the Professional Standards Bureau, the Crime Lab, Emergency Services, Public Information Officers, and various other areas in which there is no apparent need to maintain confidential status or ensure that undercover investigations are not compromised.

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<sup>1</sup> Previously known as Administrative Guidelines.

The Action Plan on the following page details our recommendations, management's response to those recommendations, and the implementation status of management's actions.



Recommendations	Management Response	Status
<p>3. Require any department or division with an unmarked vehicle to undertake, as soon as reasonable, an evaluation of the need for the current status of the vehicle. If there is reasonable justification, staff should be instructed to prepare a request for exemption that can be submitted to Council for approval. Unless Council approval is granted, steps should be taken to obtain the required marking and appropriate license plate.</p> <p>4. Direct the development of:</p> <p>a) A process for exempting vehicles from marking which meets, at a minimum, the requirements of ARS §38-538.03 B, or</p> <p>b) An administrative process that replaces the process outlined in ARS §38-538.03 B. This process should be approved by the City Attorney and adopted by Council Resolution. At a minimum, it should:</p> <p>(1) Establish the vehicle uses that will be considered appropriate for exemption.</p>	<p>Council to determine if an appropriate list is to be provided to the Council or retained by the City Manger.</p> <p>The City Manager has appointed a task force to evaluate unmarked vehicle needs. New documented procedures regarding vehicle use and assignment will be developed for executive review and Council action, as appropriate.</p> <p>The City manager has established a task force that will develop processes and procedures addressing these items. An administrative process, with appropriate delegation to the City Manager, may prove to be the desirable alternative.</p>	<p>Underway, with evaluations to be completed by 12/31/02.</p> <p>Underway with adoption of revised processes by 7/1/03.</p>



Recommendations	Management Response	Status
<p>(2) Require submittal of an application for exemption that lists the information required in ARS §38-538.03 B.</p> <p>(3) Ensure that the exemption is reviewed at least annually to verify that the vehicle use still meets the criteria outlined for exemptions.</p> <p>(4) Require the revocation of an exemption if the vehicle is rotated to a use different from that which the original exemption was granted.</p> <p>(5) Limit the authority to approve the request for exemption to the City Manager.</p> <p>(6) Require an annual report to Council listing the vehicles approved for exemption, the use, the division to which the unit is assigned, the last four digits of the vehicle identification number, and the vehicle year, make, and model.</p> <p>(7) Require the annual report be filed with the City Clerk.</p>		
<p>5. Direct the development of a process for approving the use of regular (non-government) plates on City vehicles. At a minimum, the process should:</p>	<p>The City Manger has established a task force that will develop a process that will include these requirements.</p>	<p>Underway. Completion by 12/31/02.</p>

Recommendations	Management Response	Status
<p>a) Require a written justification of the business use need for the regular plates.</p> <p>b) Establish the requirement that only vehicles exempted from markings are eligible for regular plates.</p> <p>c) Require approval from a party that is independent of the requesting department.</p> <p>6. Direct the development of a written policy addressing city-owned or leased vehicles. This document should:</p> <p>a) Address the department that will be responsible for marking vehicles and obtaining the appropriate license plates.</p> <p>b) Set out the maximum time period that a vehicle can be operated without the appropriate marking.</p> <p>c) Prohibit the issuance of a city fuel key to any vehicle that is not appropriately marked unless a written exemption is on file.</p> <p>d) Set out disciplinary action to be taken if an employee knowingly removes or covers required markings.</p>	<p>The City Manager has established a task force that will develop written administrative regulations that will address these items.</p>	<p>Underway. Completion of task force work planned by 12/31/02.</p>

Recommendations	Management Response	Status
<p>e) Set out disciplinary action if a department/division leases a vehicle and fails to obtain the appropriate marking and license plates.</p> <p>7. Direct Fleet Management to cease the practice of releasing City seal decals until such time as a new pattern is developed. If the decals continue to be used, then issuance should be restricted.</p>	<p>Fleet Management has ceased this practice effective February 2002.</p>	<p>Complete.</p>

## BACKGROUND

ARS §38-538 *et seq.* outlines certain requirements when the City owns or leases a motor vehicle(s) for six months or more. First, the vehicle must be identified in accordance with the following criteria:

*A motor vehicle owned or leased for six months or more by a political subdivision of this state shall:*

- 1. Bear the designation of the name of the political subdivision of this state and the department or agency of the political subdivision that owns or leases the motor vehicle in a visible manner as determined by the political subdivision.*
- 2. Have placed on the motor vehicle in a visible manner as determined by the political subdivision the designation of "for official use only."*
- 3. For the purpose of this section, "political subdivision" includes an organization that is tax exempt as a political subdivision under the constitution or laws of this state.*

**SOURCE:** ARS §38-538 B.

Second, the Council must adopt a uniform pattern that will be used to designate vehicles that are owned or leased by the City. We asked the City Attorney's Office to verify our interpretation of the requirements. The City Attorney's Office concurs that it would be advisable for the Council to adopt a uniform pattern. The insert below is the requirement as stated in ARS.

*The governing body of each political subdivision shall approve a uniform pattern for use in designating the political subdivision motor vehicles.*

**SOURCE:** ARS §38-538.01 B.

In addition to these requirements, ARS §28-2511 requires that vehicles owned by the City be registered with the State and display plates with distinguishing marks. The insert below is the requirement as outlined.

*The person who has custody of these vehicles shall register them as required by this chapter and shall display official license plates that bear distinguishing marks.*

**SOURCE:** ARS §28-2511 A.

ARS does acknowledge, however, that the City may need to carry out investigative or confidential activities that require use of a vehicle that is not marked. To provide a level of oversight, ARS §38-538.03 B sets out a process that requires the Council to approve any vehicle that is exempt from the ARS required markings. To ensure that the vehicle continues to be used in a service that justifies leaving the vehicle unmarked, the exemption cannot be granted for more than a year. The information on the following page outlines the process for exemption.

*The head of a state department or agency with the power and duty to conduct rehabilitation or social service programs, felony investigations, or activities of a confidential nature may apply to the governor, or the head of a department or agency of a political subdivision may apply to the governing body of the political subdivision, for an exemption from this article for a motor vehicle used in this service. The application shall state the nature of the service and the year, make, model and identification number of the motor vehicle and shall provide other information the governor or political subdivision governing body requires. The governor or political subdivision governing body may grant the exemption for not more than one year.*

**SOURCE:** ARS §38-538.03 B.

When a vehicle has been exempt from the required markings, the City may apply for license plates without the distinguishing marks normally used for government owned vehicles. Shown below is the provision in ARS that allows the Motor Vehicle Division (MVD) to issue regular plates.

*The department may issue regular license plates without any distinguishing marks for vehicles that are exempt from title 38, chapter 3, article 10 pursuant to section 38-538.03, subsection B.*

**SOURCE:** ARS §28-2511 A.

### **City Needs to Comply With Requirements for the Marking of Vehicles**

We assessed whether or not the City adhered to the applicable marking requirements outlined in the background section. We found that the City is not in compliance with either ARS §38-538 et seq. or ARS §28-2511. Specifically, we found that:

- There is no record of a Council-approved pattern to be used in designating city-owned or leased motor vehicles.
- Current practice does not ensure that all required information is displayed when a vehicle is marked.
- The insignia used to mark city-owned or leased vehicles is not controlled to ensure that only vehicles owned or leased by the City are marked.
- Vehicles, leased for six months or longer, are not marked in the same manner as city-owned vehicles.
- There is no review, either at the Council level or the City Manager level, when a decision is made to deploy an unmarked vehicle.
- There is no administrative guidance that outlines when it is appropriate for a city-owned vehicle to display non-government plates.

### **City Council Should Adopt a Uniform Pattern for Use in Designating City-Owned or Leased Motor Vehicles**

During our audit, we attempted to locate a Council approved pattern that is to be used to designate city-owned or leased vehicles. We made inquiries of the City Clerk, Fleet Management, and the Police Department but could not locate one. In the absence of a Council-approved pattern, we looked for written guidance such as an AR that outlined the pattern(s) that were to be used. We found no written guidance.

We did determine, however, that a standard practice has been used to mark most city-owned vehicles. The insert below outlines the pattern used to mark vehicles used outside the Police Department.

#### **Fleet's Stated Marking Practice for Non-Police Vehicles**

Vehicle number, 2 inches in height, on both front doors or front fender near the door.

Vehicle number, 2 inches in height, on the right front and left rear of the vehicle.

"For Official Use Only" decals on both front doors.

City seal, 6 inches in diameter, on both front doors.

City seal, 3 inches in diameter, on front and rear of vehicle.

**SOURCE:** Fleet Management staff.

The following pictures are two examples of the placement of City markings:



The insert below shows the pattern used on patrol cars and vehicles assigned to certain other activities within the Police Department<sup>2</sup>. This pattern was



adopted by the Police Department approximately ten years ago.

The City also owns vehicles that are used for fire suppression. The markings on these vehicles vary from the markings of other city-owned vehicles. For example, the vehicle shown to the left and below is assigned to the Fire Support Program. The markings are a combination of markings used on city-owned vehicles and those placed on vehicles owned by Rural/Metro. Other rolling stock<sup>3</sup> used in fire suppression/prevention programs are marked to match Rural/Metro rolling stock<sup>4</sup>.

As a result, these vehicles appear to be part of the Rural/Metro fleet instead of being owned by or assigned to the City.



Note the slogans "Learn Not to Burn" and "Proudly Serving The Citizens of Scottsdale."

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<sup>2</sup> The Police Department also uses vehicles that are "semi-marked" and "unmarked" which do not display the standard pattern used on other vehicles assigned to the Police Department but may display certain markings such as a decal of the City seal and vehicle number.

<sup>3</sup> This would include vehicles supplied by Rural/Metro through contractual arrangements. The City pays Rural/Metro to supply these vehicles but the vehicles are owned by Rural/Metro and not counted as part of the City's fleet.

<sup>4</sup> Vehicles titled to the City but operated by Rural/Metro display a City seal and the City assigned vehicle number.

While a decision could be made to simply adopt the patterns used in current practice, the Council may wish to consider a pattern with a theme that is consistent on non-police as well as police and emergency vehicles. This would help in the City's efforts to develop "brand" recognition.

To provide additional perspective for Council in considering adoption of a pattern, we conducted an informal survey of vehicles operated by other political subdivisions. We found that municipal entities such as Paradise Valley, Peoria, the Flood Control District of Maricopa County, and the Arizona Department of Transportation use insignias similar to the seal used by the City (see Appendix A). However, Mesa, Tempe, Phoenix, and Glendale have each developed a unique pattern that prominently incorporates the name of the municipality (see Appendix B).

We also noted that some municipalities are choosing to incorporate a slogan or motto into the pattern used on the vehicle (see Appendix C). For example, the City of Mesa has incorporated "Great People, Quality Service" into the pattern. The City of Glendale has incorporated the phrase "Community and Police Working in Partnership" into the marking on police vehicles and a statement regarding speed on the rear of vehicles. As well, in some municipalities, there is a close tie between the theme used to mark police vehicles and other types of vehicles (see Appendix D).

### **City Needs to Ensure That Vehicles Display All Required Information**

ARS requires certain information to be displayed on city-owned vehicles. This information includes:

- The designation of the name of the city.
- The department or agency to which the vehicle is assigned.
- The phrase "for official use only."

As part of our work, we viewed city-owned vehicles to determine if they were properly marked and displayed all the required information. We found that most city-owned vehicles (with the exception of vehicles assigned to the Police Department) are marked as outlined by Fleet Management. We did note, however, that the marking often varies in size or placement. For example, the phrase "for official use only" has been placed above the City seal as well as below the City seal. Moreover, decals placed on the rear of vehicles can range from the top right to the extreme lower right corner. According to Fleet Management, the variation in size or placement is often the result of the shape of a particular model of vehicle.



We did find that, in general, vehicles do not display the name of the department to which the vehicle is assigned, but there are exceptions. For example, the multi-blue pattern used by the Police Department does, by design, incorporate the name of the department. We also found that some non-police vehicles display a department name through the addition of other decals or the use of magnetic signs. According to Fleet Management, department names are added at the initiative of the department.

We noted that city-owned vehicles, with the exception of vehicles assigned to the Police Department (and Fire), include the term “for official use only.” When surveying other municipalities, we found that this phrase has been incorporated into the pattern used on their police vehicles.

We also found that, within the City, there is no assurance that a vehicle remains marked appropriately. At the start of our audit, we took pictures of one vehicle that, at the time, was assigned to the City Attorney’s Office. During the course of our audit, the vehicle was transferred to Risk Management. At the time of the initial pictures, the vehicle displayed the phrase “for official use only” (below left). However, by the time this report was written, the decals with this phrase had been removed<sup>5</sup> (below right).



We believe the inconsistencies noted above resulted from the lack of a written policy outlining appropriate vehicle marking. The current AR, “City Vehicles and Equipment Operation” (last updated July 1, 1994) does not establish what information is to be displayed.

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<sup>5</sup> The decals were replaced on the vehicle after we brought the issue to the attention of the Risk Management Director.

### **City Needs to Control Distribution of Insignia Used to Mark Vehicles**

Because the City seal decals are used to designate city-owned vehicles, we made inquiries of Fleet Management regarding the control of the decal inventory. We found that there is limited control over their issuance. The decals are used to mark other pieces of equipment and various ancillary items such as hard hats. As such, it is difficult to ensure that the decals are not placed on vehicles that are not city-owned or leased. In fact, during our audit, we noted a City seal affixed to at least one privately owned vehicle (shown right).



According to ARS, it is a class 2 misdemeanor to place the pattern or insignia used by the City to designate city-owned or leased vehicles on a private vehicle.

### **City Needs to Ensure that Vehicles Leased for Six Months or More are Marked or Exempt**

ARS requires the City to mark any vehicle that is leased for six months or more in the same manner as if the vehicle was owned. We found that there is no assurance that these vehicles are marked. We believe this situation is the result of several issues. First, there is no requirement to notify Fleet Management when a department decides to lease a vehicle from a private vendor. Any marking, therefore, is accomplished through voluntary compliance at the department level.

Second, there is no requirement for Fleet Management to track these vehicles as part of the City's fleet. As a result, these vehicles are not assigned a City vehicle number.

Finally, there is no written guidance that sets out the requirement for the vehicles to be marked. As a result, even when the vehicle is voluntarily marked by the department, it is not marked in the same manner as a city-owned vehicle. The pictures on the next page show two vehicles that have been leased by the City.



Note that neither vehicle displays the slogan "for official use only."

### **City Needs to Develop a Process to Approve Exemptions**

According to state statute, only the Council can grant an exemption to the requirement to mark a vehicle. To obtain an exemption, the department seeking approval needs to provide the Council with the following information:

- The nature of the service that would require the vehicle to be unmarked.
- The identification number of the vehicle.
- The vehicle year, make, and model.

If an exemption is granted, it cannot exceed one year. The City, however, does not follow this process. According to the Police Department, Council delegated authority to the City Manager, who in turn delegated it to the Police Chief. We were able to locate a Council resolution, dated October 3, 1988, outlining the delegation to the City Manager, but could not locate any documentation supporting the assertion that the City Manager delegated this responsibility to the Police Chief. An excerpt from the Council resolution follows:

*The City Council hereby delegates to the City Manager the authority to determine the necessity of the exemption of motor vehicles used by the police department in felony investigations or confidential activities from the requirement of official designation.*

**SOURCE:** Resolution No. 3099 dated October 3, 1988.

We do not believe that delegation to the City Manager or the current practice, as stated by the Police Department, meets the intent of the provision outlined in ARS §38-538. The process detailed in state statute provides a level of oversight by providing the opportunity for interested citizens to comment or question the need for a vehicle to be unmarked. The administrative process currently followed does not provide this opportunity.

As well, the decision to delegate this authority to the City Manager was made more than thirteen years ago by a Council that is no longer representative of the current Council. As such, the process outlined then, or the practice currently in place, may no longer meet the needs of the current Council.

However, should the Council decide that an administrative process is acceptable; we believe that greater control should be exercised than is currently in place. For example, while the current ordinance requires the Police Chief to provide the City Manager with all information required by ARS to exempt a vehicle, this does not occur.

We also noted that there is no process either in Resolution No. 3099 or incorporated into current practice that accomplishes the annual review required under ARS §38-538. According to Fleet Management, a vehicle that is currently unmarked will be replaced with an unmarked vehicle. If a marked vehicle will be replaced with an unmarked vehicle Fleet Management requires a letter from the Police Chief. This requirement, however, has only been in place for approximately two years.

We found that, in general, police vehicles such as patrol, traffic and parking enforcement, and crime scene investigation vehicles are marked. However, we found there are many semi-marked and unmarked vehicles assigned to Police administrative personnel as well as staff in certain divisions. For example, the vehicle below is a four-wheel drive sport utility vehicle (SUV) assigned to the City Emergency Management Officer as a “take-home” vehicle. When we started our audit, it was not marked (next page left) and displayed license plates issued to privately-owned vehicles. We questioned whether or not the use of the vehicle met the conditions outlined in state statute for leaving a vehicle unmarked. The vehicle now displays distinguishable license plates as well as other markings on the rear of the vehicle (next page right). However, no markings appear on the sides or front.





During our audit, we attempted to determine the number of unmarked vehicles. Fleet Management generated a report for us based on the marking status reflected in the fleet tracking system. We did not, however, verify the accuracy of the data. According to this list, it appears that the Police Department has placed approximately 100 unmarked vehicles into service. A list of vehicles provided by the Police Department supports this figure. However, both lists do not include vehicles obtained by the Police Department through a contract with a private leasing firm.

### **The City Needs to Control the Process of Obtaining License Plates for City Vehicles**

According to ARS §28-2511, vehicles owned by the City must display plates with distinguishable marks. To comply with this statute, MVD issues plates such as those shown to the left. The "G" on these plates identifies the vehicle as belonging to a government entity.



There is a provision for issuance of regular license plates when the situation warrants use of non-distinguishable plates. To display these plates the vehicle must be exempt from the markings required in ARS §38-538. The plate shown to the right is an example of a plate issued in response to a request for non-distinguishable plates.



As part of our work, we inquired into the process used to obtain license plates for city-owned vehicles. Fleet Management obtains the registration and affixes the issued license plate prior to placing a vehicle in service. The plate number is entered into the fleet tracking system, a process that allows the license plate number to be matched to a particular vehicle, if necessary. However, when a

vehicle needs a regular plate, the Police Department obtains them. According to the Police Department, this authority was delegated to them as evidenced by the following excerpt from a letter to MVD.

*The City Manager has delegated the authority to provide the Motor Vehicle Division with a list of all police vehicles suitable for exemption to the following public officials:*

*Chief of Police  
Executive Assistant Chief of Police  
Director, Administrative Services Bureau*

**SOURCE:** Letter to MVD dated October 24, 2000, and signed by Jan Dolan.

To obtain the regular plate, a request is made to MVD to add the vehicle to an “undercover” account. The new plate will then stay on the vehicle until it is sold or transferred out of the Police Department. At that time, the plate is removed and destroyed.

We assessed the process currently used to obtain non-distinguishable plates and found that it does not provide assurance that the City complied with ARS §2-2511. Currently, there is no review, outside of the Police Department, to determine if the use of the vehicle justifies the display of regular plates. As well, there is no independent review to determine that the vehicle that will display the plates is unmarked (i.e., exempted from marking requirements).

According to Police staff, MVD can approve or deny the request and, therefore, serves as an independent review. However, copies of letters provided to us during our audit do not contain sufficient information to conclude that the review by MVD would be effective. Moreover, we were told that there is no correlation between the decision to mark a vehicle and the determination to replace the license plate with non-government plates.

Based on a list of vehicles provided by the Police Department in response to our request for an inventory of vehicles assigned as “on-call take home” or “take home,” it appears that there are more than 60<sup>6</sup> vehicles that display regular license plates. According to this list, these vehicles are assigned to staff such as the various levels of Police Chiefs, the Administrative Services Bureau Chief, Public Information Officers, Emergency Services staff, Traffic Enforcement, a DARE Officer, a Training Officer, and the Commander assigned to Crimes Against Persons. As well, vehicles with non-distinguishable plates are assigned to individuals in the Violent Crimes and

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<sup>6</sup> The list prepared by the Police Department did not include license plates for all vehicles listed nor did it include all vehicles assigned to the Police Department. As such, this number is only an estimate.

Sex/Domestic Violence units, the Professional Standards Division, and the Investigative Services Bureau.

## **OBJECTIVE, SCOPE, AND METHODOLOGY**

This report is a component of an audit of the controls over the acquisition and use of light duty passenger vehicles and trucks. The scope of work covered in this segment is limited to addressing City compliance with ARS §38-538 *et seq.* and ARS §28-2511. Audit work was conducted in accordance with generally accepted government auditing standards as they relate to expanded scope auditing as required by Article III, Scottsdale Revised Code §2-117 *et seq.*

Primary support for this report was developed as part of the preliminary survey activities. The survey phase is specifically designed to obtain a sufficient understanding of the subject matter and the related internal control environment to properly plan fieldwork. Because we identified few controls during the survey, fieldwork was limited.

Audit work consisted of interviews with staff to identify any internal controls that would provide assurance of statutory compliance. To gain an understanding of statutory requirements we accessed the Arizona State Legislature's Internet site and searched for related topics. We made inquiries of the City Attorney's Office to verify our interpretation of ARS requirements related to Council approval of a uniform marking pattern for designating vehicles owned or leased by the City.

To identify any established City criteria designed to ensure compliance with applicable statutory requirements, we reviewed the City's ARs and identified those that dealt with motor vehicles. These ARs were then reviewed to determine if they contained any relevant information.

To determine whether Council had approved a uniform pattern for designating City motor vehicles, we asked the Municipal Services General Manager whether Fleet Management had any record of such an approved pattern. We also requested City Clerk records of any Council action to approve a pattern for use in marking vehicles.

We interviewed Fleet Management personnel to gain an understanding of controls and practices used to ensure that city-owned and leased vehicles are properly marked. We obtained an explanation of Fleet's marking practice and the responsibilities for placing the markings on City vehicles.

We interviewed Police Department personnel to gain an understanding of their process for determining the vehicles to be marked, unmarked, and semi-marked as well as the needed authorizations. We also obtained information



on the process for authorizing the use of non-distinguishable license plates on vehicles assigned to the Police Department.

We observed the markings on city-owned and leased vehicles through an after-hours inventory of vehicles parked in the One Civic Center garage, City Hall, parking areas in the proximity of City Hall, Pepperwood, Justice Center, and the District One Police Station. We also observed vehicles during the normal course of completing other sections of the Fleet Audit.

We surveyed cities in the metropolitan area to identify practices in surrounding communities. We also visually observed and photographed vehicles operated by the cities of Peoria, Mesa, Tempe, Phoenix, and Glendale as well as the Town of Paradise Valley, the Flood Control District of Maricopa County, and the Arizona Department of Transportation.

### **Survey Tests**

The following tests were conducted during the survey phase of our audit.

#### **Test #1:**

**Objective:** To determine whether there is any record that Council approved a uniform pattern for marking City vehicles that conforms to ARS requirements.

**Method:** We made inquiries of the General Manager of Municipal Services (to which Fleet Management reports), the Office of the City Clerk, and Police Department staff to seek any knowledge of a Council action to approve a uniform pattern of marking for city-owned or leased vehicles. In addition, we reviewed City ARs to determine if there was any information outlining the pattern(s) that are to be used to mark City vehicles.

**Criteria:** According to ARS §38-538 B:

*A motor vehicle owned or leased for six months or more by a political subdivision of this state shall:*

- 1. Bear the designation of the name of the political subdivision of this state and the department or agency of the political subdivision that owns or leases the motor vehicle in a visible manner as determined by the political subdivision.*
- 2. Have placed on the motor vehicle in a visible manner as determined by the political subdivision the designation "for official use only."*

In addition, ARS §38-538.01 B indicates that the governing body of each political subdivision shall approve a uniform pattern that will be used to designate motor vehicles owned or leased by the political subdivision.

**Results:** There was no record of a Council action to approve a uniform pattern of marking. City ARs did not address the marking pattern(s) to be used on City vehicles.

**Test #2**

**Objective:** To determine if Fleet Management has a stated practice for marking City vehicles and if so, whether it complies with ARS requirements.

**Method:** We made inquiries to Fleet Management staff seeking information on their practice of marking City vehicles. We compared this practice to the marking requirements set out for political subdivisions in the ARS.

**Criteria:** ARS §38-538 B requires that motor vehicles owned or leased for six months or more by the City display the designation of the name of the City and the department or agency to which the vehicle is assigned. In addition, the phrase "for official use only" is to be displayed on the vehicle.

**Results:** Fleet Management staff told us that their practice of marking non-police vehicles was as follows:

Vehicle numbers, two inches in height, on both front doors or front fender near the door.

Vehicle numbers, two inches in height, on the right front and left rear of the vehicle.

"For official use only" decals on both front doors.

City seal, six inches in diameter, on both front doors.

City seal, three inches in diameter, on front and rear of vehicle.

The practice does not include display of the department or agency to which the vehicle is assigned.

**Test #3:**

**Objective:** To determine whether Fleet Management is responsible for placing marking decals on city-owned vehicles. Also to determine if Fleet ensures that vehicles leased by the City for six months or more are marked in accordance with their stated practice.

**Method:** We interviewed Fleet Management staff and asked for information on who was responsible for marking City vehicles. We also asked what controls they have over the use of City seals on leased vehicles.

**Criteria:** Responsibility for marking vehicles should be established. To ensure consistency and therefore, uniformity, controls should be in place to identify and mark all vehicles unless a Council exemption is documented.

**Results:** Fleet Management stated that all vehicles purchased through Fleet will be marked with the exception of those identified by the Police Department. Markings placed on Police vehicles are done through a vendor at the direction of Fleet. Fleet does not track leased vehicles as part of the City fleet and, therefore, does not mark them. Decals would be provided upon a request from a user.

**Test #4**

**Objective:** To determine whether City seals are controlled so that they only appear on vehicles owned by the City or leased by the City for six months or more.

**Method:** We interviewed Fleet Management staff and asked what control Fleet exercises over the City seals and whether Fleet allows the seals to be used on personal vehicles.

**Criteria:** According to ARS §38-538.01 C:

*A person who knowingly places a pattern or insignia approved for use as a designation for motor vehicles of this state or a political subdivision on a motor vehicle not owned or leased by this state or a political subdivision is guilty of a class 2 misdemeanor.*

To avoid the potential for decals to be placed on non-city vehicles, the City should control the supply.

**Results:** Fleet Management stated that the decals are available upon request from the parts room. Fleet staff will ask what the seal will be used for but, once handed out, Fleet does not control its actual use. According to Fleet staff, employees will place the smaller decals on hard hats or other ancillary items. Fleet Management did state that a request for a decal would not be honored if the employee stated that they wanted it for their personal vehicle.

During our observation of vehicles we did note, however, at least one personal vehicle with a City decal.

**Test #5:**

**Objective:** To determine if the Council annually exempts certain City vehicles from statutory requirements and/or to determine whether Council has delegated the authority to authorize these exemptions.

**Method:** We spoke with Police staff and asked about the process for authorizing vehicles to be deployed without any external markings. We also asked about the process to apply for non-distinguishable license plates. In addition, we asked City Clerk staff to search their records for any related Council actions.

**Criteria:** ARS §38-538.03 provides for exemptions from the mandatory markings. The request for exemption must be made to the governing body and can only be granted for one year.

In addition, ARS §28-2511 A indicates that when a vehicle has been exempted from the required markings, the City may apply for license plates without the distinguishing marks normally used for government owned vehicles.

**Results:** Police staff said that decisions related to the marking of vehicles and the type of license plate attached are the purview of the Police Department. This interpretation was based on a Council action to delegate the authority to the City Manager who, in turn, delegated it to the Police Chief.

City Clerk staff provided a copy of Council Resolution No. 3099, *AUTHORIZING THE CITY MANAGER TO APPROVE POLICE DEPARTMENT REQUESTS FOR EXEMPTION FROM OFFICIAL MARKINGS*. The resolution does delegate the authority to the City Manager but, based on the October 1988

date, is thirteen years old. The ARS referenced in the document is no longer the appropriate statutory section.

The resolution delegates the authority to determine the need for exempting police vehicles and states that the Police Chief is responsible for providing the City Manager with all information required by ARS. We found that this is not the practice. No information is provided and, according to the Police Department, all authority for determining need was placed with the Police Chief.

We found nothing in writing to support this claim. In support of the assertion, the Police Department provided a copy of a letter addressed to the MVD in October 2000 and signed by the City Manager. This letter only delegates "the authority to provide the Motor Vehicle Division with a list of all police vehicles suitable for exemption."

### **Fieldwork Tests**

#### **Test #1:**

**Objective:** To determine if vehicles owned by the City or leased by the City for six months or more are marked in accordance with Fleet's stated practice.

**Method:** After normal City business hours, we walked the City parking lots and garages located in the area of the City Hall complex. We viewed city-owned and leased vehicles to gain insight into how they are marked.

**Criteria:** Vehicles should be marked in accordance with Fleet's stated practice, which is as follows:

Vehicle number, two inches in height, on both front doors or front fenders near the doors.

Vehicle numbers, two inches in height, on the right front and left rear of the vehicle.

"For official use only" decals on both front doors.

City seal, six inches in diameter, on both front doors.

City seal, six inches in diameter, on front and rear of vehicle.

**Results:** In total, we viewed 69 City vehicles for this particular test. Four of the vehicles contained no vehicle number, nor did they have "for official use only" markings on them. We later determined that these were vehicles that the City leases from a private vendor. Of the remaining vehicles, we found that they generally had the markings described by Fleet. However, the placement of the markings differed among vehicles. The phrase "for official use only" sometimes appeared above the City seal on the doors and sometimes it appeared below the seals. Placement of decals on the rear of the vehicles ranged from the top right to the extreme lower right corner.

**APPENDIX A**  
**PHOTOS OF INSIGNIAS THAT ARE SEAL TYPE PATTERNS USED BY**  
**OTHER MUNICIPAL ENTITIES**



Paradise Valley.



City of Peoria.



Flood Control District of Maricopa County.



Arizona Department of Transportation.

**APPENDIX B**  
**PHOTOS OF INSIGNIAS THAT ARE STYLIZED PATTERNS USED BY**  
**OTHER MUNICIPAL ENTITIES**



City of Mesa



City of Tempe



City of Phoenix



City of Glendale



**APPENDIX C**  
**PHOTOS OF SLOGANS USED BY OTHER MUNICIPAL ENTITIES**



City of Mesa vehicles are marked with the slogan "Great People, Quality Service."



City of Glendale police vehicles are marked with the slogan "Working in Partnership."



This City of Glendale non-police vehicle has a reminder statement on speed.

## APPENDIX D PHOTOS OF SIMILARLY MARKED NON-POLICE AND POLICE VEHICLES



City of Phoenix non-police and police vehicles contain similar patterns that make the vehicles easily recognizable as belonging to the same organization.



Glendale non-police and police vehicles contain both a similar pattern and a similar color scheme that visually link the vehicles to the City of Glendale.



Tempe incorporates a stylized "T" into its marking pattern for non-police and police vehicles.